



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
AGING AND DISABILITY SERVICES ADMINISTRATION
PO Box 45600 * Olympia, WA 98504-5600

December 28, 2011

**RE: ADSA: NH # 2011-003
JULY 1, 2011 ADJUSTED MEDICAID PAYMENT RATE - REVISED
JANUARY 1, 2012 ADJUSTED MEDICAID PAYMENT RATE**

Dear Nursing Home Administrator:

Two Rate Computation Worksheets for your facility are enclosed.

First, there is a revised rate computation worksheet for the July 1, 2011 adjusted Medicaid payment. This worksheet contains two revisions to the worksheet originally sent for the July 1, 2011 rates. First, there is a correction in how the bed license fee is computed. The current level of \$359 is now compared to the earlier level of \$275, rather than to the intervening level of \$327. Second, the calculation for the Comparison Add-on has been changed, so that the calculation is now broken out by rate component. The underlying method of calculating the Comparison Add-on has not been changed, however. For most facilities the effect of the Comparison Add-on means that the change in calculating the bed license fee does not result in a different rate. For those facilities whose rates have changed, the changes have already been sent to ProviderOne. (For other matters concerning the July 1, 2011 rates, please refer to the original letter which accompanied them, ADSA: NH Rates #2011-002.)

Second, there is a rate computation worksheet for your facility's January 1, 2012 adjusted Medicaid payment. The Department calculated your facility's January 1, 2012 adjusted rate using your facility's (revised) July 1, 2011 rate and Medicaid Average Case Mix Index (MACMI) (with defaults) from the 2nd and 3rd quarters of 2010 (April through September 2010) final RUG report. Per RCW 74.46.501 (6)(a) as amended earlier this year, the July 1, 2011 rate MACMI scores were increased by one-half of one percent, and the January 1, 2012 rate MACMI scores were increased by an additional one-half of one percent. The Legislature provided for this case mix adjustment to allow for the transition to MDS 3.0 and RUG IV.

The Department is no longer mailing the RUG reports. You can access your April through September 2010 final RUG report or any other RUG report on line by using the directions at <http://www.adsa.dshs.wa.gov/Professional/MDS/documents/RUGreportsOnline.doc>.

The January 1, 2012 rates reflect a change in the performance payment to facilities that reported direct care staff turnover of 75% or less. This payment and the corresponding 1% reduction applied to facilities whose turnover rate exceeded 75%, was begun with the July 1, 2010 rates.



payments to lower-turnover facilities be funded solely by the reductions to higher-turnover facilities. For the period from July 1 to December 31, 2011, the performance payment to lower-turnover facilities has averaged \$0.24 per patient day, while the reduction to higher-turnover facilities has averaged (\$0.11).

The Department has calculated that the payment of \$0.24 to lower-turnover facilities has been higher than it should have been, when measured against the reductions to higher-turnover facilities. If this trend were continued in January, the amounts of the performance payments to lower-turnover facilities would exceed the amounts of the reductions to higher-turnover facilities, when measured over the entire state fiscal year. To prevent that, the performance payments will no longer be included in rates for the period from January 1 to June 30, 2012. The reduction of (\$0.11) will be continued. By the end of the state fiscal year on June 30, 2012, the total of performance payments and the total of reductions should be in balance. The result will be what the Legislature intended – that is, the performance payments will be completely funded by the reductions. The only difference will be that the lower-turnover facilities will have received the total of their payments over the first six months of the state fiscal year, instead of the full year. The higher-turnover facilities will have incurred the reductions over the whole year. The amounts of the payments and of the reductions will be as the Legislature directed; it is only the timing of the payments that will be affected – that is, accelerated for the lower-turnover facilities.

If a timely appeal of your July 1, 2011 rate is pending, when it is resolved any changes made to adjustments because of this appeal will be brought forward to the facility's January 1, 2012 adjusted rate.

If you wish to request an administrative review conference in relation to your January 1, 2012, or any subsequent adjusted rate, please keep in mind WAC 388-96-904, the regulation that controls such requests. The regulation provides in part:

..... (1)(c) The contractor's request for administrative review shall:

- (i) Be signed by the contractor or by a partner, officer, or authorized employee of the contractor;
 - (ii) State the particular issues raised; and
 - (iii) Include all necessary supporting documentation or other information.
- (2) After receiving a request for administrative review conference that meets the criteria in subsection (1) of this section, the department shall schedule an administrative review conference. The conference may be conducted by telephone.
- (3) At least fourteen calendar days prior to the scheduled date of the administrative review conference, the contractor must supply any additional or supporting documentation or information upon which the contractor intends to rely in presenting its case. In addition, the department may request at any time prior to

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issuing a determination any documentation or information needed to decide the issues raised, and the contractor must comply with such a request within fourteen calendar days after it is received...The department shall dismiss issues that cannot be decided or resolved due to a contractor's failure to provide requested documentation or information within the required period. (emphasis added)

The department will enforce this regulation in responding to requests for administrative review. Requests that do not state the issues with particularity or that are not supported by the required documentation or information will be denied or dismissed. Mail your appeal to the Office of Rates Management at the address above.

I encourage you to contact your analyst if you have questions about your rate.

Sincerely,

A handwritten signature in black ink that reads "Ken Callaghan". The signature is written in a cursive, slightly slanted style.

Ken Callaghan, Chief
Office of Rates Management

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Enclosures